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SENATE BILL 1461 By
Gilbert

HOUSE BILL 1365
By Burchett

AN ACT to amend Tennessee Code Annotated, Title 45, Chapter 5, relative to the Tennessee Industrial Loan and Thrift Companies Act.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 45-5-102, is amended by adding the following new items to be appropriately designated and amendments to existing provisions:

() "Broker's agent" means an individual who brokers loans exclusively to one (1) registered industrial loan and thrift company, designated as a sponsoring broker, and who is not an employee of such sponsoring broker;

() "Sponsoring broker" means a registered industrial loan and thrift company who negotiates or arranges loans through broker's agents and who provides indemnification of such broker's agents in order to protect borrowers from monetary damages which may be a result of doing business with broker's agent;

SECTION 2. Tennessee Code Annotated, Title 45, Chapter 5, Part 1, is amended by adding a new section thereto as follows:

(a) Pursuant to the procedures set forth in Section 45-5-201, a sponsoring broker may apply to add broker's agents to its registration as an industrial loan and thrift company subject to the following provisions:

(1) The broker's agents must be individuals; and

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(2) The sponsoring broker must demonstrate to the satisfaction of the commissioner that the broker's agents solicit loan applications exclusively for it as an industrial loan and thrift company, and that it has agreed to act as the sponsoring broker.

(b) The broker's agents shall be exempt from the capital requirements of Section 45-5-201(a)(2) by submitting proof satisfactory to the commissioner that no fees shall be accepted or collected from borrowers.

(c) Once approved by the commissioner, the broker's agents shall be qualified to perform such loan brokerage business as is permitted to the sponsoring broker under this chapter and subject to all provisions of this chapter.

(d) If broker's agents use advertising to solicit or obtain customers for such agents' loan brokerage business, such broker's agents may not advertise in such agents' name alone but shall advertise in such agents' name only in conjunction with the name of the sponsoring broker.

(e) The sponsoring broker shall enter into an indemnification agreement in a form provided by the commissioner to protect borrowers from damages which may result from doing business with a broker's agent.

(f) The sponsoring broker shall maintain a net worth of not less than two hundred fifty thousand dollars (\$250,000), and shall maintain a surety bond for each sponsored broker's agent in an amount of not less than ten thousand dollars (\$10,000) and otherwise in a form acceptable to the commissioner.

(g) Sponsoring brokers are subject to the commissioner's power to suspend or revoke certificates of registration set forth in Section 45-5-205, as a result of the actions of sponsored broker's agent.

(h) An annual fee of one hundred fifty dollars (\$150) for each broker's agent shall be paid by the sponsoring broker.

SECTION 3. This act shall take effect one hundred twenty (120) days after becoming a law.